

Public consultation on
fitness check on
supervisory reporting

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Executive Summary

EEX Group is welcoming the opportunity to take part in the public consultation on fitness check on supervisory reporting of the European Commission. We are looking forward to contributing to the efficiency and effectiveness of existing EU-level supervisory reporting requirements.

1. **We deeply believe in the simplification and streamlining of regulatory reporting.**

Electricity and gas derivative contracts are covered by reporting obligations stemming from four pieces of legislation: namely EMIR, MiFID II/MiFIR, REMIT and MAR. This constitutes a heavy reporting burden for energy exchanges and clearing houses as well as for market participants. Consequently, there is a need to streamline the requirements in order to **avoid double reporting** (see table below). For example, trades that have to be reported under REMIT or MiFID II/MiFIR should not need to be reported again, if they have already been reported under EMIR. At the moment, **exchanges are delivering partially overlapping data in the context of EMIR, MiFID II/MiFIR, MAR and REMIT reporting.**

Table 1 Overlapping reporting requirements for EEX group exchanges

| | EMIR | REMIT | MiFID II/MiFIR | MAR |
|--------------------------------|------|-------|----------------|-----|
| Orders | - | ✓ | -* | - |
| Trades | ✓ | ✓ | ✓ | - |
| Positions | ✓ | - | ✓ | - |
| Exposures | ✓ | - | - | - |
| Reference Data | | | ✓ | ✓ |
| Spot | - | ✓ | - | - |
| Derivatives | ✓ | ✓ | ✓** | ✓** |
| Power & Natural Gas | ✓ | ✓ | ✓ | - |
| Other commodities | ✓ | - | ✓ | - |

*Record-keeping and pre-trade transparency required only **for regulated market only

2. Besides the overlapping data fields, we would like to highlight that a very significant part of the compliance costs is directly related to **the number of entities that should be receiving the reports**. In order to comply with the above-mentioned pieces of legislation, energy exchanges have to set up IT connections with numerous supervisory authorities such as ACER, ESMA, EICOM, Trade Repositories (TRs) and national competent authorities (NCAs). All four pieces of legislation establish different formats and require different interfaces with different IT environments. In addition, each receiver has different technical requirements and validation processes. Every system change on the side of the

receiver puts a heavy burden on the reporter. Based on this, we call on the European Commission and all involved stakeholders to only introduce changes that will dramatically simplify reporting, like for example reducing the number of receivers as far as possible e.g. to specify the trade repositories as receiver of both the EMIR and MIFID2/MIFIR reporting as small changes often produce more costs than improvements.

3. Additionally, **the reporting obligations and the reporting framework are not consistent with the market functions and roles performed by the reporting entities.** The two most evident cases for this are positions under MiFID II/MiFIR and transactions under EMIR. In the first case, there is an obligation for trading venues to report positions under MiFID II/MiFIR (which are also reported under EMIR), whereas CCPs must report transactions (which are also reported under REMIT and MiFID II/MiFIR). In our opinion, each category of data should only be subject to one reporting duty and that duty should be assigned to the entity dealing with this information in its daily business: transactions by the trading venues and positions by the CCPs. This principle will significantly lower the administrative burden and avoid double reporting.
4. The **incorrect application of some key energy market concepts** to the financial regulation of electricity and gas derivative markets has raised severe difficulties and ambiguity in the implementation of the reporting processes (e.g. spot month/other months and lot size in MiFID II/MiFIR) that still remain. The specific characteristics of these underlyings should be carefully taken into account when designing market regulations, including reporting obligations.
5. An additional burden stems from **different data formats for identical data** that has to be reported to different receivers. If the obligation to send the data to different receivers cannot be eliminated entirely, one should at least define standardised formats for identical data. As a practical example: certain field names are identical in REMIT and EMIR but the format and details to be reported are not identical. This leads to the unique situation that the 'delivery start time' and the 'delivery end time' are to be reported in local time under REMIT and in UTC under EMIR.
6. Finally, with regard to guidance to the implementation of reporting requirements, we would like to emphasise the need for accurately timed Q&As that need to be published sufficiently in advance of the implementation deadline. If there is a need for further harmonised rules, the rules need to be produced in a timely manner through a transparent legislative process. It must be noted that any change in the reporting requirements, even if it decreases the reporting obligations long term, induces additional efforts and leads to further administrative and technical expenses on side of the reporting party.

About EEX Group

EEX Group provides the market platform for energy and commodity products for participants in more than 30 countries worldwide. The offering of the group comprises contracts for Energy, Environmentals, Freight, Metals and Agricultural products.

With high specialisation and local presence in their core markets, the companies of EEX Group answer to the needs of their customers for tailor-made solutions and easy market access. The synergetic, integrated group portfolio is completed by two clearing houses which ensure proper clearing and settlement of trading transactions.

EEX Group is based in 16 worldwide locations and is part of Deutsche Börse Group.

EEX Group consists of the following companies: European Energy Exchange (EEX), the European Power Exchange (EPEX SPOT), Powernext, Cleartrade Exchange, Power Exchange Central Europe (PXE), Gaspoint Nordic, Nodal Exchange and the clearing companies European Commodity Clearing (ECC) and Nodal Clear.

For more info visit www.eex-group.com.

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